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ARIZONA DEPARTMENT OF WATER RESOURCES

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AZ CORP COMMISSION
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November 21, 2001

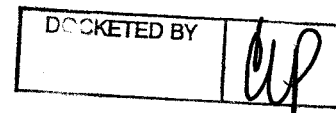
Ms. Laurie Woodall
Chairman, Siting Committee
Office of the Attorney General
1275 West Washington
Phoenix, Arizona 85007

Arizona Corporation Commission
DOCKETED

NOV 26 2001

Re: Allegheny's Application for CEC, Docket #116

Dear Madam *Laurie* Chairman:



During the Hearing on November 14, 2001, you requested, on behalf of the Siting Committee, as to whether the Arizona Department of Water Resources (Department) has available staff and is willing to commit such staff to work on three issues with the applicant in Docket #116. The Department does not believe that this is necessary. Each issue is discussed below.

Issue #1 - Should the Applicant be required to work with the Department to perform an aquifer pump test near the site of the proposed wellfield to prove the accuracy of the model provided by Vidler Recharge? Intervenor AZURE and Committee Member Williamson proposed this question.

As stated in the November 9, 2001 Preliminary Hydrologic Review prepared by Dale Mason, Modeling Section Manager, Arizona Department of Water Resources, the Department stands by its position that the model used in this case is valid. "The numerical model was reviewed by the ADWR staff in 1999 and found to reasonably simulate the response of the regional aquifer to historic pumping stresses from 1950 to the present." (Page 3). Despite testimony of AZURE's expert witness, a well formulated and calibrated model is a good tool for predicting the behavior of particular pumping patterns or recharge activity.

Should Committee Member Williamson or any other Member of the Committee wish, the Department would be willing to conduct a generic briefing for the Committee on modeling parameters. The particulars would be from a different part of the State but would demonstrate modeling technology. The Department models many areas of the State, and is considered by most State agencies to be an expert in hydrology and modeling. I would hope that Committee Members would give deference to the Department in these matters.

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Issue #2. Should subsidence monitoring be required in the area of the proposed plant and well-field? Several Committee Members and Intervenor AZURE suggested this. In the November 9, 2001 memo from Dale Mason, the Department suggested that additional subsidence investigations be performed. Applicant testified that it performed an investigation and concluded that subsidence does not exist today in the area of the proposed plant and wellfield.

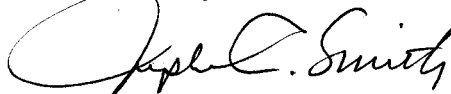
We are satisfied with the investigation performed by the Applicant, however, as suggested to the Applicant at the hearing, the Department believes that a continuing monitoring program should be put in place. The Department believes this could be as simple as requiring a periodic check (i.e. five years) of monuments and discussions with agencies with infrastructure or jurisdiction near the plant site, such as the Central Arizona Project, the Bureau of Land Management and State Lands. This information could then be conveyed to the Department and the Commission for review. Should the Applicant not prepare a condition to monitor for subsidence, the Department will be prepared to offer a condition to effect such a monitoring program.

Issue #3. Should the Applicant be required to provide mitigation for any damage that may be caused by groundwater pumping over the life of the plant? Committee Member Palmer and I suggested this, along with Intervenor AZURE.

While the Department will not commit staff to negotiate with the Applicant at this time for an agreed upon mitigation plan, the Department may be prepared at the next hearing to propose a condition for mitigation recharge. Of course, if the Applicant proposes mitigation recharge during its rebuttal case, this may not be necessary.

When the transcript is available we will review for further insight into the discussion on these issues and any other issues, which the Committee wishes to be discussed between the Department and the Applicant.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph C. Smith". The signature is fluid and cursive, with the first name "Joseph" and last name "Smith" clearly legible.

Joseph C. Smith
Director

JCS:kd